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Arizona Corporation AZ CORP COMMISSION  
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## BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE  
APPLICATION OF ARIZONA-  
AMERICAN WATER COMPANY, AN  
ARIZONA CORPORATION, FOR A  
DETERMINATION OF THE CURRENT  
FAIR VALUE OF ITS UTILITY PLANT  
AND PROPERTY AND FOR  
INCREASES IN ITS RATES AND  
CHARGES BASED THEREON FOR  
UTILITY SERVICE BY ITS TUBAC

Docket No. W-01303A-02-0908

**ARIZONA-AMERICAN WATER  
COMPANY'S NOTICE OF FILING  
SUPPLEMENTS TO DIRECT  
TESTIMONY AND RELATED  
SCHEDULES**

Arizona-American Water Company ("the Company") hereby files Supplements to the Direct Testimony of David P. Stephenson, Ronald L. Kozoman and Thomas Bourassa in the above-entitled matter. Attached to this supplemental testimony are certain revised schedules, which are explained in the testimony.

This supplemental testimony and related schedules are filed for the purpose of addressing the items identified in a letter dated January 13, 2003, by John S. Thornton, Jr. on behalf of the Utilities Division ("Staff"), and accompanying "List of Items Causing the Filing to be Insufficient." Since the Company's Application was filed on December 12, 2002, the Company's consultants have worked closely with Staff in order to answer questions and provide additional information that would assist Staff with its review of the sufficiency of the Application pursuant to A.A.C. R14-2-103(B)(7). Although certain of the items were, in fact, erroneously identified, the Company's paramount goal is to

1 cooperate with Staff and avoid disputes over Staff's review, which is narrow and limited  
2 to verifying whether the Company's Application contains the schedules and other data  
3 specified in R14-2-103 for Class A water and sewer utilities. This supplemental  
4 testimony and accompanying schedules should eliminate any questions or concerns  
5 identified by Staff, and allow the Application to proceed without further delay

6 DATED this 24<sup>th</sup> day of January 2003.

7  
8 By

  
Norman D. James

Jay L. Shapiro

Attorneys for Arizona-American Water  
Company

11 ORIGINAL +13 copies filed this 24<sup>th</sup> day of January 2003:

12 Docket Control  
13 ARIZONA CORPORATION COMMISSION  
14 1200 West Washington  
Phoenix, AZ

15 COPY delivered this 24<sup>th</sup> day of January 2003:

16 Timothy J. Sabo, Staff Attorney  
17 Legal Division  
18 ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, AZ

19 John S. Thornton, Jr., Chief  
20 Accounting and Rates, Utilities Division  
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1200 West Washington  
Phoenix, AZ

22 By:   
23 1381670.1/73244.034

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7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8 IN THE MATTER OF THE  
APPLICATION OF ARIZONA-  
9 AMERICAN WATER COMPANY, AN DOCKET NO. W-01303A-02-0908  
ARIZONA CORPORATION, FOR A  
10 DETERMINATION OF THE  
CURRENT FAIR VALUE OF ITS  
11 UTILITY PLANT AND PROPERTY  
AND FOR INCREASES IN ITS RATES  
12 AND CHARGES BASED THEREON  
FOR UTILITY SERVICE BY ITS  
13 TUBAC WATER DISTRICT.

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18 **SUPPLEMENT TO DIRECT TESTIMONY OF**  
19 **DAVID P. STEPHENSON**  
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III. CAUSE OF INSUFFICIENCY: TUBAC WATER DISTRICT NO. 7..... 3

JSHAPIRO/1381589

1 **I. INTRODUCTION**

2 **Q. WHAT IS THE PURPOSE OF THIS SUPPLEMENT TO YOUR DIRECT**  
3 **TESTIMONY?**

4 A. The purpose of this supplemental testimony is to respond to Staff's List of Items  
5 Causing the Filing to be Insufficient dated January 13, 2003 ("Staff Insufficiency  
6 Finding"). In addition, the Company is concurrently filing supplements to the  
7 direct testimony of Thomas Bourassa and Ronald L. Kozoman in response to the  
8 Staff Insufficiency Finding.

9 **Q. HOW WILL YOUR SUPPLEMENTAL TESTIMONY BE ORGANIZED?**

10 A. In this testimony, I address Staff's expressed concerns over the application for the  
11 Tubac water district. Specifically, I address Staff's conclusion that Arizona-  
12 American's rate filings are insufficient because (1) the Company's D Schedules  
13 did not present dollar values and (2) Staff's contention that the Company's rate  
14 filing does not include compliance with Commission Decision No. 64002. The  
15 remaining items listed as causes of the insufficiency determination are addressed  
16 by Mr. Bourassa and Mr. Kozoman in the supplements to their direct testimony  
17 filed concurrently herewith.

18 **II. CAUSE OF INSUFFICIENCY: TUBAC WATER DISTRICT NO. 4**

19 **Q. IN THE STAFF INSUFFICIENCY FINDING, STAFF INDICATES THAT**  
20 **THE D SCHEDULES DO NOT HAVE DOLLAR VALUES. DO YOU**  
21 **HAVE ANY COMMENT?**

22 A. Yes, Staff correctly notes that the D-1 and D-2 Schedules lack "dollar values," but  
23 the Company is not aware that the Commission's rules require that dollar amounts  
24 be included in the D Schedules. The D-1 and D-2 Schedules show the percentages  
25 of debt and equity and their respective cost, including their weighted costs. These  
26 schedules provide support for the weighted cost of capital. I also do not believe it

1 is Staff's practice to include dollar value in its cost of capital schedules.

2 **Q. HOW DOES THE COMPANY RESPOND TO STAFF'S FINDING**  
3 **CONCERNING THE D SCHEDULES?**

4 A. Although Arizona-American disagrees that this is a basis for an insufficiency  
5 finding, we have revised the D-1 and D-2 Schedules for the Tubac water district to  
6 reflect the amounts of debt and equity in its capital structure. These schedules are  
7 attached hereto at Tab A.

8 **Q. PLEASE YOU EXPLAIN THE DOLLAR VALUES YOU PROVIDED.**

9 A. The amounts shown on the D-1 and D-2 Schedules reflect the debt and equity of  
10 the former Citizens' properties of Arizona-American as a whole, rather than on a  
11 district-by-district basis. Because Arizona-American is an Arizona corporation  
12 and raises capital (debt and equity) on a company-wide basis, it is necessary to  
13 identify its capital structure on a company-wide basis. The debt and equity for the  
14 acquisition of the Citizens' properties can easily be identified, at this time, and  
15 therefore we have done so for this filing. None of the different rate structures  
16 established during Citizens' ownership, have individual capital structures, nor can  
17 any of the Company's individual districts borrow funds or separately maintain  
18 capital accounts. Consequently, Arizona-American is requesting that its capital  
19 structure for the acquisition of the former Citizens' properties be used in  
20 determining the cost of capital for each district.

21 **Q. DO ANY OF THESE REVISIONS TO THE D SCHEDULES AFFECT THE**  
22 **COMPANY'S COST OF CAPITAL ANALYSIS OR THE AMOUNT**  
23 **SHOWN ON SCHEDULE A-1?**

24 A. No.  
25  
26

1 **III. CAUSE OF INSUFFICIENCY: TUBAC WATER DISTRICT NO. 7.**

2 **Q. STAFF ALSO CONTENDS THAT THE COMPANY'S RATE FILING FOR**  
3 **THE TUBAC WATER DISTRICT IS INSUFFICIENT BECAUSE THEY**  
4 **FOUND NO FILING IN COMPLIANCE WITH COMMISSION DECISION**  
5 **NO. 64002. HOW DOES ARIZONA-AMERICAN RESPOND?**

6 **A.** As correctly pointed out in the Staff Insufficiency Finding, in Decision No. 64002,  
7 which approved the debt financing for the acquisition of the Citizens' water and  
8 wastewater systems, the Commission ordered the Company to "perform an  
9 analysis that shows the savings resulting from having [American Water] Capital  
10 Corp. provide financing compared to Arizona-American procuring financing from  
11 a non-affiliate." Arizona-American filed the analysis required by Decision No.  
12 64002 on January 13, 2003. Therefore, Arizona-American has complied with the  
13 decision.

14 I should also note that we do not believe this is a proper basis for finding a  
15 rate filing insufficient in accordance under A.A.C. R14-2-103. Although this  
16 filing was to be made at the *time* of Arizona-American's next rate filing, there is  
17 no requirement that it be included in the rate application. Indeed, if we had  
18 included the analysis in the rate application, the Staff compliance officer would  
19 have been unable to verify that the required analysis had in fact been completed  
20 and filed. This would make no sense.

21 **Q. DOES THAT CONCLUDE THE SUPPLEMENT TO YOUR DIRECT**  
22 **TESTIMONY?**

23 **A.** Yes.  
24  
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**Arizona American**  
Test Year Ended December 31, 2001  
Summary of Cost of Capital

Exhibit  
Schedule D-1  
Page 1  
Witness: Stephenson

Line No.	Item of Capital	End of Test Year				End of Projected Year			
		Dollar Amount	Percent of Total	Cost Rate (a)	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate (a)	Weighted Cost
1	Long-Term Debt	165,583,119	59.89%	(a)	3.04%	177,583,119	60.00%	(a)	3.15%
2									
3	Stockholder's Equity	110,888,158	40.11%	11.50%	4.61%	118,888,158	40.00%	11.50%	4.60%
4									
5	Totals	276,471,277	100.00%		7.65%	296,471,277	100.00%		7.75% (b)
6									
7	(a) See D-2								
8	(b) Used on A-1								
9									

SUPPORTING SCHEDULES:

D-1  
D-3  
D-4  
E-1

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**Exhibit  
Schedule D-2  
Page 1  
Witness: Stephenson**

<u>End of Test Year</u>							<u>End of Projected Year</u>			
Line No.	Description of Debt	Amount Outstanding	Percent	Interest Rate	Composite Cost	Amount Outstanding	Percent	Interest Rate	Composite Cost	
1										
2	Long-Term Debt	154,948,119	56.04%	4.92%	2.76%	154,948,119	52.26%	4.92%	2.57%	
3	Long-Term Debt	10,635,000	3.85%	7.30%	0.28%	10,635,000	3.85%	7.30%	0.28%	
4	Long-Term Debt	-	0.00%	0.00%	0.00%	12,000,000	3.89%	7.60%	0.30%	
5										
6										
7										
8										
9										
10	Totals	165,583,119	59.89%		3.04%	177,583,119	60.00%		3.15%	
11										
12	<u>Supporting Schedules:</u>									
13										
14										
15										
16										
17										
18										

**Arizona American**  
Test Year Ended December 31, 2001  
Cost of Preferred Stock

Exhibit  
Schedule D-3  
Page 1  
Witness: Stephenson

Line No.	Description of Issue	<u>End of Test Year</u>			<u>End of Projected Year</u>		
		Shares Outstanding	Amount	Dividend Requirement	Shares Outstanding	Amount	Dividend Requirement
1							
2							
3	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
4							
5							
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15							
16							
17	SUPPORTING SCHEDULES:				RECAP SCHEDULES:		
18	(a) E-1				(a) D-1		
19							
20							

**Arizona American**  
Test Year Ended December 31, 2001  
Cost of Common Equity

Exhibit  
Schedule D-4  
Page 1  
Witness: Zepp

Line  
No.

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THE COMPANY IS REQUESTING 11.5% RATE OF RETURN ON COMMON EQUITY.  
THE REQUEST IS SUPPORTED BY THE TESTIMONY AND EXHIBITS OF  
DR. THOMAS M. ZEPP INCLUDED IN THE FILING.

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12 AND FOR INCREASES IN ITS RATES  
AND CHARGES BASED THEREON  
13 FOR UTILITY SERVICE BY ITS  
TUBAC WATER DISTRICT.

DOCKET NO. W-01303A-02-0908

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18 **SUPPLEMENT TO DIRECT TESTIMONY OF**  
19 **RONALD KOZOMAN, CPA**  
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1378709.1

1 **I. INTRODUCTION**

2 **Q. WHAT IS THE PURPOSE OF THIS SUPPLEMENT TO YOUR DIRECT**  
3 **TESTIMONY?**

4 A. The purpose of this supplemental testimony is to respond to Staff's List of Items  
5 Causing the Filing to be Insufficient dated January 13, 2003 ("Staff Insufficiency  
6 Finding"). In addition, the Company is concurrently filing supplements to the  
7 direct testimony of David P. Stephenson and Thomas Bourassa in response to the  
8 Staff Insufficiency Finding.

9 **Q. HOW WILL YOUR SUPPLEMENTAL TESTIMONY BE ORGANIZED?**

10 A. In this testimony, I address Staff's expressed concerns over the application for the  
11 Tubac water district. Specifically, I address one of the reasons Staff has concluded  
12 that the filings for this district is insufficient as identified consistent with the  
13 numbering in the Staff Insufficiency Finding. Those items in the Staff  
14 Insufficiency Finding not covered in my supplemental testimony are addressed by  
15 either Mr. Stephenson or Mr. Bourassa.

16 **Q. HAVE YOU MADE ANY CHANGES AS A RESULT OF STAFF'S**  
17 **FINDINGS?**

18 A. Yes, and revised schedules are attached hereto at Tab A. I wish to point out,  
19 however, that none of the changes affect the plant in service, rate base, and/or the  
20 revenue requirement in this case.

21 **II. CAUSE OF INSUFFICIENCY: TUBAC WATER DISTRICT NO. 6.**

22 **Q. STAFF CLAIMS THAT CERTAIN "H" SCHEDULES ARE MISSING**  
23 **PRESENT AND PROPOSED RATES. WHAT HAS THE COMPANY**  
24 **DONE TO RESPOND TO THIS FINDING?**

25 A. Staff states that Schedule H-4, page 10 (bill comparison for the 3 inch commercial  
26 customer), and one-step Schedule H-4 pages 1 and 2 (bill comparison for the 5/8

1       inch and 1 inch residential customers) do not include the present and proposed  
2       rates. Revised schedules reflecting the present and proposed rates are attached  
3       hereto at Tab A.

4       **Q. HAVE ANY OF YOUR CHANGES AFFECTED THE PRESENT OR**  
5       **PROPOSED RATES/REVENUES AS REFLECTED ON THE**  
6       **COMPANY'S SCHEDULES H-1 AND H-2?**

7       A. No.

8       **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

9       A. Yes.

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A

10/10/2010  
10/10/2010

Arizona American - Tubac  
 Bill Comparison  
 Customer Classification

TWCL 3 Inch

Exhibit  
 Schedule H-4  
 Page 10  
 Witness: Kozoman  
**REVISED**

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 90.00	\$ 167.59	\$ 77.59	86.21%
1,000	91.66	170.68	\$ 79.02	86.21%
2,000	93.32	173.77	\$ 80.45	86.21%
3,000	94.98	176.86	\$ 81.88	86.21%
4,000	96.64	179.95	\$ 83.31	86.21%
5,000	98.30	183.04	\$ 84.74	86.21%
6,000	99.96	186.13	\$ 86.17	86.20%
7,000	101.62	189.22	\$ 87.60	86.20%
8,000	103.28	192.31	\$ 89.03	86.20%
9,000	105.32	196.10	\$ 90.78	86.19%
10,000	107.36	199.89	\$ 92.53	86.19%
11,000	109.40	203.68	\$ 94.28	86.18%
12,000	111.44	207.47	\$ 96.03	86.17%
13,000	113.48	211.26	\$ 97.78	86.16%
14,000	115.52	215.05	\$ 99.53	86.16%
15,000	117.56	218.84	\$ 101.28	86.15%
16,000	119.60	222.63	\$ 103.03	86.15%
17,000	121.64	226.42	\$ 104.78	86.14%
18,000	123.68	230.21	\$ 106.53	86.13%
19,000	125.72	234.00	\$ 108.28	86.13%
20,000	127.76	237.79	\$ 110.03	86.12%
21,000	129.80	241.58	\$ 111.78	86.12%
22,000	131.84	245.37	\$ 113.53	86.11%
23,000	133.88	249.16	\$ 115.28	86.11%
24,000	135.92	252.95	\$ 117.03	86.10%
25,000	137.96	256.74	\$ 118.78	86.10%
26,000	140.00	260.53	\$ 120.53	86.09%
27,000	142.04	264.32	\$ 122.28	86.09%
28,000	144.08	268.11	\$ 124.03	86.08%
29,000	146.12	271.90	\$ 125.78	86.08%
30,000	148.16	275.69	\$ 127.53	86.08%
31,000	150.20	279.48	\$ 129.28	86.07%
Average Usage				
22,833	\$ 133.54	\$ 248.53	\$ 114.99	86.11%
Median Usage				
6,000	\$ 99.96	\$ 186.13	\$ 86.17	86.20%

**Present Rates:**

Monthly Minimum:	\$ 90.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.66
Up to 999,999,999	\$ 2.04
Over 1,000,000,000	\$ 2.04
	\$ 2.04

**Proposed Rates:**

Monthly Minimum:	\$ 167.59
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 3.09
Up to 999,999,999	\$ 3.79
Over 1,000,000,000	\$ 3.79
	\$ 3.79

Arizona American - Tubac  
 Bill Comparison  
 Customer Classification  
**Step-One Rate Increase**

TWRE 5/8 Inch

Exhibit  
 Schedule H-4  
 Page 1  
 Witness: Kozoman  
**REVISED**

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 15.35	\$ 21.49	\$ 6.14	40.00%
1,000	17.01	23.81	\$ 6.80	39.98%
2,000	18.67	26.13	\$ 7.46	39.96%
3,000	20.33	28.45	\$ 8.12	39.94%
4,000	21.99	30.77	\$ 8.78	39.93%
5,000	23.65	33.09	\$ 9.44	39.92%
6,000	25.31	35.41	\$ 10.10	39.91%
7,000	26.97	37.73	\$ 10.76	39.90%
8,000	28.63	40.05	\$ 11.42	39.89%
9,000	30.67	42.91	\$ 12.24	39.91%
10,000	32.71	45.77	\$ 13.06	39.93%
11,000	34.75	48.63	\$ 13.88	39.94%
12,000	36.79	51.49	\$ 14.70	39.96%
13,000	38.83	54.35	\$ 15.52	39.97%
14,000	40.87	57.21	\$ 16.34	39.98%
15,000	42.91	60.07	\$ 17.16	39.99%
16,000	44.95	62.93	\$ 17.98	40.00%
17,000	46.99	65.79	\$ 18.80	40.01%
18,000	49.03	68.65	\$ 19.62	40.02%
19,000	51.07	71.51	\$ 20.44	40.02%
20,000	53.11	74.37	\$ 21.26	40.03%
21,000	55.15	77.23	\$ 22.08	40.04%
22,000	57.19	80.09	\$ 22.90	40.04%
23,000	59.23	82.95	\$ 23.72	40.05%
24,000	61.27	85.81	\$ 24.54	40.05%
25,000	63.31	88.67	\$ 25.36	40.06%
26,000	65.35	91.53	\$ 26.18	40.06%
27,000	67.39	94.39	\$ 27.00	40.07%
28,000	69.43	97.25	\$ 27.82	40.07%
29,000	71.47	100.11	\$ 28.64	40.07%
30,000	73.51	102.97	\$ 29.46	40.08%
31,000	75.55	105.83	\$ 30.28	40.08%
Average Usage				
13,177	\$ 39.19	\$ 54.86	\$ 15.67	39.97%
Median Usage				
8,000	\$ 28.63	\$ 40.05	\$ 11.42	39.89%

**Present Rates:**

Monthly Minimum:	\$ 15.35
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.66
Up to 999,999,999	\$ 2.04
Over 1,000,000,000	\$ 2.04

**Proposed Rates:**

Monthly Minimum:	\$ 21.49
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 2.32
Up to 999,999,999	\$ 2.86
Over 1,000,000,000	\$ 2.86

Arizona American - Tubac  
 Bill Comparison  
 Customer Classification  
**Step-One Rate Increase**

TWRE 1 Inch

Exhibit  
 Schedule H-4  
 Page 2  
 Witness: Kozoman  
**REVISED**

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 23.00	\$ 32.20	\$ 9.20	40.00%
1,000	24.66	34.52	\$ 9.86	39.98%
2,000	26.32	36.84	\$ 10.52	39.97%
3,000	27.98	39.16	\$ 11.18	39.96%
4,000	29.64	41.48	\$ 11.84	39.95%
5,000	31.30	43.80	\$ 12.50	39.94%
6,000	32.96	46.12	\$ 13.16	39.93%
7,000	34.62	48.44	\$ 13.82	39.92%
8,000	36.28	50.76	\$ 14.48	39.91%
9,000	38.32	53.62	\$ 15.30	39.93%
10,000	40.36	56.48	\$ 16.12	39.94%
11,000	42.40	59.34	\$ 16.94	39.95%
12,000	44.44	62.20	\$ 17.76	39.96%
13,000	46.48	65.06	\$ 18.58	39.97%
14,000	48.52	67.92	\$ 19.40	39.98%
15,000	50.56	70.78	\$ 20.22	39.99%
16,000	52.60	73.64	\$ 21.04	40.00%
17,000	54.64	76.50	\$ 21.86	40.01%
18,000	56.68	79.36	\$ 22.68	40.01%
19,000	58.72	82.22	\$ 23.50	40.02%
20,000	60.76	85.08	\$ 24.32	40.03%
21,000	62.80	87.94	\$ 25.14	40.03%
22,000	64.84	90.80	\$ 25.96	40.04%
23,000	66.88	93.66	\$ 26.78	40.04%
24,000	68.92	96.52	\$ 27.60	40.05%
25,000	70.96	99.38	\$ 28.42	40.05%
26,000	73.00	102.24	\$ 29.24	40.05%
27,000	75.04	105.10	\$ 30.06	40.06%
28,000	77.08	107.96	\$ 30.88	40.06%
29,000	79.12	110.82	\$ 31.70	40.07%
30,000	81.16	113.68	\$ 32.52	40.07%
31,000	83.20	116.54	\$ 33.34	40.07%
32,000	85.24	119.40	\$ 34.16	40.08%
33,000	87.28	122.26	\$ 34.98	40.08%
Average Usage				
15,301	\$ 51.17	\$ 71.64	\$ 20.47	39.99%
Median Usage				
12,000	\$ 44.44	\$ 62.20	\$ 17.76	39.96%

**Present Rates:**

Monthly Minimum:	\$ 23.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.66
Up to 999,999,999	\$ 2.04
Over 1,000,000,000	\$ 2.04
	\$ 2.04

**Proposed Rates:**

Monthly Minimum:	\$ 32.20
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 2.32
Up to 999,999,999	\$ 2.86
Over 1,000,000,000	\$ 2.86
	\$ 2.86

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3 Suite 2600  
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Water Company, Inc.  
5  
6

7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8 IN THE MATTER OF THE  
9 APPLICATION OF ARIZONA-  
AMERICAN WATER COMPANY, AN  
10 ARIZONA CORPORATION, FOR A  
DETERMINATION OF THE  
11 CURRENT FAIR VALUE OF ITS  
UTILITY PLANT AND PROPERTY  
12 AND FOR INCREASES IN ITS RATES  
AND CHARGES BASED THEREON  
13 FOR UTILITY SERVICE BY ITS  
TUBAC WATER DISTRICT.

DOCKET NO. W-01303A-02-0908

14  
15  
16  
17  
18 **SUPPLEMENT TO DIRECT TESTIMONY OF**  
19 **THOMAS J. BOURASSA, CPA**  
20  
21  
22  
23  
24  
25  
26

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JSHAPIRO/1381592

1 **I. INTRODUCTION**

2 **Q. WHAT IS THE PURPOSE OF THIS SUPPLEMENT TO YOUR DIRECT**  
3 **TESTIMONY?**

4 A. The purpose of this supplemental testimony is to respond to Staff's List of Items  
5 Causing the Filing to be Insufficient dated January 13, 2003 ("Staff Insufficiency  
6 Finding"). In addition, the Company is concurrently filing supplements to the  
7 direct testimony of David P. Stephenson and Ronald L. Kozoman in response to  
8 the Staff Insufficiency Finding.

9 **Q. HOW WILL YOUR SUPPLEMENTAL TESTIMONY BE ORGANIZED?**

10 A. In this testimony, I address Staff's expressed concerns over the application for the  
11 Tubac water district. Specifically, Staff claims to have found 7 reasons that the  
12 filing for the Tubac water district is insufficient and I address several of those  
13 causes. My responses are identified consistent with the numbering in the Staff  
14 Insufficiency Finding. Those items in the Staff Sufficiency Finding not covered in  
15 my supplemental testimony are addressed by either Mr. Stephenson or Mr.  
16 Kozoman.

17 **Q. HAVE YOU MADE ANY CHANGES AS A RESULT OF STAFF'S**  
18 **CONCLUSIONS REGARDING THE TUBAC WATER DISTRICT?**

19 A. Yes and revised B-2 schedules, Schedule E-5, Schedule A-1, and Schedule A-4 are  
20 attached hereto at Tab A. I wish to point out, however, that none of the changes  
21 materially affect the plant in service, rate base, and/or the revenue requirement in  
22 this case. For example, the revenue requirement changed by less than \$4 and is  
23 primarily due to very slight difference in the ratio of original cost to RCND which  
24 was used to trend up costs on the Schedule B-3.

1 **II. CAUSE OF INSUFFICIENCY: TUBAC WATER DISTRICT NO. 1**

2 **Q. MR. BOURASSA, STAFF CLAIMS THAT THE PLANT IN SERVICE ON**  
3 **SCHEDULE B-2, PAGE 1 AND PAGE 2 DO NOT TIE TO THE**  
4 **SCHEDULES B-2, PAGE 5 AND E-1, PAGE 1 FOR THE TUBAC WATER**  
5 **DISTRICT. DO YOU AGREE?**

6 **A.** Yes. I have revised the schedules to include a prior rate case plant adjustment  
7 which was included in the plant balance at 12/31/2002 but did not appear on the  
8 schedules. The revised schedules show this adjustment.

9 **Q. WOULD YOU PLEASE EXPLAIN HOW THE PLANT AMOUNT ON THE**  
10 **SCHEDULE E-1 TIES TO THE SCHEDULE B-2, PAGE 1 AND PAGE 2?**

11 **A.** The plant in service amount shown on E-1 has been adjusted to reflect the amount  
12 shown on the B-2, page 1 and page 2 as follows:

- 13 1. Plant in service at 12/31/2001 (E-1) **less**
- 14 2. Plant adjustments\* from prior rate case (B-2, page 2) **less**
- 15 3. General Plant (as shown B-2, page 5) pooled to Maricopa Common  
16 Plant **plus**
- 17 4. Common plant allocation (as shown on B-2, page 2) **equals**
- 18 5. Plant in service (as shown on B-2, page 1 and 2)

19 \* AFUDC and Plant for Wells & Springs and Land

20 This reconciliation is now shown on Schedule B-2, page 2.

21 **Q. IS THIS NOW SHOWN IN THE B-2 SCHEDULES?**

22 **A.** Yes. Again the original filing did not show a plant adjustment of a prior rate case  
23 of \$1,674, but was included in the plant balance at 12/31/2001. This adjustment  
24 was left off of schedule B-2, page 6c and instead was a reconciling item. The  
25 Schedule B-2, page 2, illustrates the common plant allocation. There is no specific  
26 general plant on this schedule. Instead, the general plant has been replaced by



1 allocated common plant. The support for the common plant allocation appears on  
2 Schedules B-2, page 3 and page 4. The plant adjustments from the last rate  
3 proceeding dated May 7, 1997 (test year ending March 1995) was a reconciling  
4 item on B-2, page 6c, but is now included on all the appropriate B schedules.

5 Schedule B-2, page 5 shows the general plant balance prior to the common  
6 plant allocation. This schedule now reflects the prior rate case plant adjustment.  
7 Adding back in the common plant adjustment and the prior rate case adjustment to  
8 the plant balance on Schedule B-2, page 5, results in a match with the balance  
9 shown on Schedule E-1.

10 Schedule B-2, pages 6a through 6c show the plant additions and balances  
11 by year since the last rate case. This schedule now shows the prior rate case plant  
12 adjustments as well as the general plant before the common plant allocation.  
13 Again, if you take the total of the column labeled '2001 Plant Balance' on Schedule  
14 B-2, page 6c and add back the plant adjustments, you will match the amount on  
15 Schedule E-1.

16 **Q. WHAT IS THE BASIS FOR THE COMMON PLANT ALLOCATION**  
17 **ADJUSTMENT?**

18 A. The common plant allocation adjustment was made to equitably allocate plant that  
19 is shared with other districts. For example, office furniture and equipment,  
20 software, communications equipment, buildings are all shared. All of the general  
21 plant for the Maricopa districts was pooled and reallocated based on year-end  
22 customer counts. The handling of the general plant in the instant case is consistent  
23 with treatment afforded by the Commission in the prior rate case for these districts,  
24 where the amounts on the E-1 and B-2 Schedules were not the same.

25 **Q. WHY DID THE COMPANY MAKE THE AFUDC ADJUSTMENT?**

26 A. To reflect the prior Commission decision disallowing the AFUDC amount

1 included in plant.

2 **Q. WHY DID ARIZONA-AMERICAN MAKE THE DISALLOWED PLANT**  
3 **ADJUSTMENT?**

4 A. To reflect the prior Commission decision disallowing the amount included in plant.

5 **III. CAUSE OF INSUFFICIENCY: TUBAC WATER DISTRICT NO. 2**

6 **Q. MR. BOURASSA, STAFF NEXT CLAIMS THAT THE ACCUMULATED**  
7 **DEPRECIATION ON SCHEDULE B-2, PAGE 1 AND PAGE 2 DO NOT**  
8 **TIE TO THE SCHEDULES B-2, PAGE 5 AND E-1, PAGE 1 FOR THE SUN**  
9 **TUBAC WATER DISTRICT. DO YOU AGREE?**

10 A. Yes, for the same reasons explained above for the plant balances.

11 **Q. PLEASE EXPLAIN.**

12 A. The accumulated depreciation amount shown on E-1 has been adjusted to reflect  
13 the amount shown on the B-2, page 1 and page 2 as follows:

- 14 1. Accumulated depreciation at 12/31/2001 (E-1) less
- 15 2. Accumulated depreciation plant adjustments\* from the prior rate case
- 16 (B-2, page 2) less
- 17 3. Accumulated depreciation on General Plant (as shown B-2, page 5)
- 18 pooled to Maricopa Common Plant accumulated depreciation plus
- 19 4. Common plant accumulated depreciation allocation (as shown on B-2,
- 20 page 2) equals
- 21 5. Accumulated depreciation (as shown on B-2, page 1 and 2)

22 \* AFUDC and Plant for Wells & Springs and land.

23 **Q. HOW IS THIS SHOWN IN THE B-2 SCHEDULES?**

24 A. Again the original filing did not show a plant adjustment of a prior rate case of  
25 \$1,674, but was included in the plant balance at 12/31/2002. This adjustment was  
26 left off of schedule B-2, page 6c and instead was a reconciling item. Schedule B-

2, page 2, now illustrates both the common plant allocation accumulated depreciation as well as the plant adjustments accumulated depreciation. There is no specific general plant accumulated depreciation on this schedule. Instead, the general plant has been replaced by allocated common plant. The support for the common plant allocation appears on Schedules B-2, page 3 and page 4. On Schedule B-2, page 2, you will now also find adjustments from the prior rate case.

Schedule B-2, page 5 shows the general plant accumulated depreciation balance prior to the common plant allocation. This schedule now also reflects the prior case plant accumulated depreciation adjustments. Adding back in the plant accumulated depreciation adjustments to the accumulated depreciation balance on Schedule B-2, page 5 results in a match with the balance shown on Schedule E-1.

**IV. CAUSE OF INSUFFICIENCY: TUBAC WATER DISTRICT NO. 3**

**Q. STAFF CONTENDS THAT INTENDED ADJUSTMENTS TO ADVANCES IN AID OF CONSTRUCTION AND CONTRIBUTIONS IN AID OF CONSTRUCTION ON LINES 13-17 OF SCHEDULE B-2, PAGE 1 AND SCHEDULE B-3, PAGE 1 ARE NOT CLEARLY SHOWN. IS THIS TRUE?**

**A.** No it is not true. As described in my direct testimony, Adjustments 4 and 5 are clearly labeled on the specific B schedules Staff identifies and each contains a footnote referencing the nature of the adjustments. Nevertheless, seeking to further Staff's understanding of the filing, attached (Tab A) are new B-2, page 1 and B-3, page 1 schedules with relabeled adjustments 4a, 4b, 5a, and 5b, as well as relabeled footnote references.

**V. CAUSE OF INSUFFICIENCY: TUBAC WATER DISTRICT NO. 5**

**Q. STAFF ALSO CONTENDS THAT THE PLANT BALANCE ON SCHEDULE E-5, PAGE 1 DOES NOT TIE TO THE TOTAL PLANT ON SCHEDULE B-2 PAGES 1 AND 2. DO YOU HAVE ANY COMMENT?**

1 A. Yes. Again, an adjustment from the prior rate case was included on this schedule  
2 did not appear on this schedule and has been revised.

3 **Q. HOW DOES THE PLANT AMOUNT ON SCHEDULE E-5 TIE TO THE**  
4 **PLANT AMOUNT ON SCHEDULE B-2, PAGE 1 AND PAGE 2?**

5 A. The explanation for the amount on Schedule E-5 follows exactly as described  
6 above for the amount on Schedule E-1.

7 **Q. WHY HAVE YOU REVISED SCHEDULE A-4?**

8 A. Although Staff did not cite any cause for insufficiency regarding Schedule A-4 for  
9 Tubac water district. The gross utility plant in service are the adjusted amounts as  
10 shown on Schedule B-2, page 6a-6c.

11 **Q. WHY HAVE YOU REVISED SCHEDULE A-1?**

12 A. As I mentioned above there is slight difference in rate base and revenue  
13 requirement. I have revised schedule A-1 to show the revised values. The rate  
14 base changed by approximately \$115 and the revenue requirement by  
15 approximately \$4.

16 **Q. HAVE YOU MADE ANY OTHER CHANGES NOT RESULTING FROM A**  
17 **CITED CAUSE FOR DEFICIENCY?**

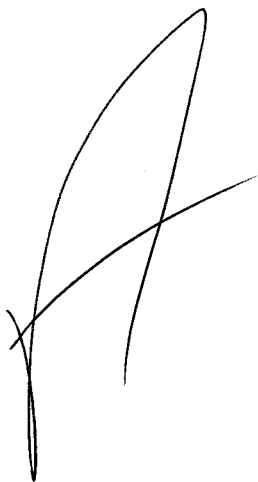
18 A. Yes. I have revised Schedule B-4, page 1 and page 3 to reflect the plant  
19 adjustment from a prior rate case.

20 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

21 A. Yes. Again, though, I want to reiterate that none of the changes made to the  
22 Company's filing in response to Staff's Insufficiency Finding materially impact  
23 the plant in service, rate base, and/or the revenue requirement requested by  
24 Arizona-American in this docket.

25

26



**Arizona American - Tubac Water**  
Test Year Ended December 31, 2001  
Computation of Increase in Gross Revenue  
Requirements As Adjusted

Exhibit  
Schedule A-1  
Page  
Witness: Bourassa  
**REVISED**

Line

No.

1	Fair Value Rate base				\$	1,903,647		
2								
3	Adjusted Operating Income					14,577		
4								
5	Current Rate of Return					0.77%		
6								
7	Required Operating Income				\$	147,492		
8								
9	Required Rate of Return on Fair Value Rate Base					7.75%		
10								
11	Operating Income Deficiency				\$	132,915		
12								
13	Gross Revenue Conversion Factor					1.6286		
14								
15	Increase in Gross Revenue							
16	Requirement				\$	216,471		
17								
18	Customer		Present	Proposed		Dollar	Percent	
19	<u>Classification</u>		<u>Rates</u>	<u>Rates</u>		<u>Increase</u>	<u>Increase</u>	
20	5/8 Inch Residential	\$	192,378	\$	357,880	\$	165,501	86.03%
21	1 Inch Residential		11,339		21,097		9,757	86.05%
22	1.5 Inch Residential		1,501		2,791		1,290	85.98%
23	2 Inch Residential		1,671		3,109		1,438	86.05%
24	3 Inch Residential		1,255		2,336		1,081	86.19%
25			-		-		-	0.00%
26	5/8 Inch Commercial		20,444		38,039		17,595	86.06%
27	1 Inch Commercial		6,953		12,933		5,980	86.01%
28	1.5 Inch Commercial		2,753		5,120		2,367	86.00%
29	2 Inch Commercial		9,544		17,740		8,196	85.88%
30	3 Inch Commercial		807		1,502		695	86.09%
31	Miscellaneous Revenues		2,691		2,691		-	0.00%
32								
33	Subtotal of Water Revenues	\$	251,336	\$	465,238	\$	213,902	85.11%
34								
35								
36	Revenue Annualization							
37	5/8 Inch Residential	\$	738	\$	1,373	\$	635	86.11%
38	1 Inch Residential		370		689		319	86.14%
39	5/8 Inch Commercial		350		651		301	86.15%
40	1 Inch Commercial		218		405		187	86.06%
41	3 Inch Commercial		801		1,491		690	86.11%
42	Total Revenue Annualization		2,476		4,608		2,132	86.12%
43	Total Water Revenues with		-		-		-	
44	Revenue Annualization	\$	253,812	\$	469,847	\$	216,034	85.12%

45

46 SUPPORTING SCHEDULES:

47 B-1

48 C-1

49 C-3

50 H-1

51

52

**Arizona American - Tubac Water**  
**Test Year Ended December 31, 2001**  
**Construction Expenditures**  
**and Gross Utility Plant in Service**

Exhibit  
Schedule A-4  
Page 1  
Witness: Bourassa

**REVISED**

<u>Line</u> <u>No.</u>		<u>Construction</u> <u>Expenditures</u>	<u>Net Plant</u> <u>Placed</u> <u>in</u> <u>Service</u>	<u>Gross</u> <u>Utility</u> <u>Plant</u> <u>in Service</u>
1				(a)
2	Prior Year Ended 12/31/1998	-		1,959,038
3				
4	Prior Year Ended 12/31/1999	24,567	13,330	1,972,368
5				
6	Prior Year Ended 12/31/2000	48,714	(47,919)	1,924,449
7				
8	Test Year Ended 12/31/2001	68,996	65,157	1,989,607
9				
10	Projected Year Ended 12/31/2002	467,313	467,313	2,456,920
11				
12	(a) Adjusted (See B-2, page 6a-c)			
13				
14				
15	<u>SUPPORTING SCHEDULES:</u>			
16	B-2			
17	E-5			
18	F-3			
19				
20				
21				
22				
23				
24				
25				
26				
27				

**Arizona American - Tubac Water**  
**Test Year Ended December 31, 2001**  
**Summary of Fair Value Rate Base**

Exhibit  
Schedule B-1  
Page 1  
Witness: Bourassa  
**REVISED**

Line No.		Original Cost Rate base	RCND Rate base	Fair Value Rate base (RCND Only)
1				
2	Gross Utility Plant in Service	\$ 1,967,167	\$ 3,429,947	\$ 3,429,947
3	Less: Accumulated Depreciation	569,484	978,646	978,646
4				
5	Net Utility Plant in Service	\$ 1,397,683	\$ 2,451,301	\$ 2,451,301
6				
7	<u>Less:</u>			
8	Advances in Aid of			
9	Construction	170,081	296,553	296,553
10	Contributions in Aid of			
11	Construction - Net of amortization	143,675	250,511	250,511
12	Customer Meter Deposits	590	590	590
13	Deferred Income Taxes & Credits	-	-	-
14	Investment tax Credits	-	-	-
15	<u>Plus:</u>			
16	Unamortized Finance			
17	Charges	-	-	-
18	Deferred Tax Assets	-	-	-
19	Allowance for Working Capital	-	-	-
20	Citizens Acquisition Adjustment	531,184	-	-
21				
22	Total Rate Base	\$ 1,614,521	\$ 1,903,647	\$ 1,903,647

SUPPORTING SCHEDULES:

B-2  
B-3  
B-5  
E-1

RECAP SCHEDULES:

A-1



**Arizona American - Tubac Water**  
Test Year Ended December 31, 2001  
Original Cost Rate Base Proforma Adjustments

Exhibit  
Schedule B-2  
Page 1  
Witness: Bourassa  
**REVISED**

Line No.		Actual at End of Test Year	Proforma Adjustments Label	Amount	Adjusted at end of Test Year
1	Gross Utility				
2	Plant in Service	\$ 1,981,996	(1)	(1)	\$ 1,967,167
3			(2)	44,500	
4	<b>Less:</b>		(6)	-	
5			(8)	5,617	
6	Accumulated		(9)	(64,945)	
7	Depreciation	551,532	(3)	27,282	569,484
8			(9)	(9,330)	
9	Net Utility Plant				
10	in Service	\$ 1,430,464			\$ 1,397,683
11					
12	<b>Less:</b>				
13	Advances in Aid of				
14	Construction (Ratemaking Purposes Only)	\$ 179,091	(4a)	(58)	\$ 170,081
15			(5a)	(8,952)	
16	Contributions in Aid of				
17	Construction - Net (Ratemaking	134,973	(4b)	(250)	143,675
18	Purposes Only)		(5b)	8,952	
19	Customer Meter Deposits	590			590
20	Deferred Income Taxes	-			-
21	Investment Tax Credits	-			-
22	<b>Plus:</b>				
23	Unamortized Finance				
24	Charges	-			-
25	Deferred Tax Assets	-			-
26	Working capital	-			-
27	Citizens Acquisition Adjustment	-	(7)	531,184	531,184
28					
29	<b>Total</b>	<u>\$ 1,115,810</u>			<u>\$ 1,614,521</u>
30					
31					
32	(1) Additional Plant at Closing				
33	(2) Plant to be completed by 12/31/2002.				
34	(3) Additional Accumulated Depreciation at Closing				
35	(4) Increase (decrease) AIAC (4a) and CIAC (4b) to amount at Closing.				
36	(5) Adjust AIAC (5a) and CIAC (5b) for Ratemaking Purposes				
37	(6) Intentionally Left Blank				
38	(7) Acquisition Adjustment Premium				
39	(8) Orcom Costs				
40	(9) Well not in service				
41					
42	<u>SUPPORTING SCHEDULES:</u>				<u>RECAP SCHEDULES:</u>
43	B-2				B-1
44	E-1				

**Arizona American - Tubac Water**  
Plant Summary with Common Plant Allocation  
at December 31, 2001

Exhibit  
Schedule B-2  
Page 2  
Witness: Bourassa  
**REVISED**

Line No.	Account No.	Description	Original Cost	Accumulated Depreciation
1		<b>Intangible</b>		
2	301.00	Organization	\$ 567	\$ -
3	302.00	Franchises	2,030	-
4	303.00	Miscellaneous Intangibles	-	-
5		<b>Subtotal Intangible</b>	<b>\$ 2,597</b>	<b>\$ -</b>
6				
7		<b>Source of Supply</b>		
8	310.00	Land and Land Rights	\$ 20,414	\$ -
9	311.00	Structures and Improvements	19,992	4,183
10	312.00	Collecting and Impounding Res.	-	-
11	313.00	Lales, Rivers, Other Intakes	-	-
12	314.00	Wells and Springs	180,979	76,797
13		<b>Subtotal Source of Supply</b>	<b>\$ 221,385</b>	<b>\$ 80,980</b>
14				
15		<b>Pumping</b>		
16	320.00	Land and Land Rights	\$ 50	\$ -
17	321.00	Structures and Improvements	14,608	7,906
18	323.00	Other Power Production	-	-
19	325.00	Electric Pumping Equipment	241,749	102,255
20	326.00	Diesel Pumping Equipment	879	88
21	328.10	Gas Engine Pumping Equipment	42,995	10,466
22		<b>Subtotal Pumping</b>	<b>\$ 300,281</b>	<b>\$ 120,714</b>
23				
24		<b>Water Treatment</b>		
25	330.00	Land and Land Rights	\$ 50	\$ -
26	331.00	Structures and Improvements	-	-
27	332.00	Water Treatment Equipment	505	104
28		<b>Subtotal Water Treatment</b>	<b>\$ 555</b>	<b>\$ 104</b>
29				
30		<b>Transmission and Distribution</b>		
31	340.00	Land and Land Rights	\$ 539	\$ -
32	341.00	Structures and Improvements	156	70
33	342.00	Distribution, Reservoirs, & ST	142,420	28,084
34	343.00	Transmission and Distribution	884,097	236,291
35	344.00	Fire Mains	-	-
36	345.00	Services	272,942	55,162
37	346.00	Meters	87,950	21,151
38	348.00	Hydrants	24,189	1,366
39	349.00	Other Transmission & Distribution	-	-
40		<b>Subtotal Transmission and Distribution</b>	<b>\$ 1,412,294</b>	<b>\$ 342,124</b>
41				
42		<b>ALLOCATED COMMON PLANT</b>	<b>\$ 48,394</b>	<b>\$ 9,696</b>
43				
44				
45		Plant 3/95	(1,674)	(1,674)
46		ADFUC adjustment 3/95 *	(1,835)	(413)
47		<b>TOTAL WATER PLANT</b>	<b>\$ 1,981,996</b>	<b>\$ 551,532</b>

**SUPPORTING SCHEDULES**

B-2, Page 3  
B-2, Page 5

**\* Plant Reconciliation**

55	Plant Balance E-1	\$ 1,993,115
56	Less Plant Adjustments	
57	AFUDC (B2,p2)	1,835
58	Plant (B2, p2)	1,674
59	Less General Plant B-2, p5	56,004
60	Plus Common Plant Alloc B-2, p2	48,394
61	Calculated Plant B-2, p1	<b>\$ 1,981,996</b>
62	Plant B-2, p1	<b>1,981,996</b>
63	Difference	<b>-</b>

**Arizona American - Tubac Water**  
**Plant Summary**  
**at December 31, 2001**

Exhibit  
Schedule B-2  
Page 5  
Witness: Bourassa  
**REVISED**

Line No.	Account No.	Description	Original Cost	Accumulated Depreciation
1		<b>Intangible</b>		
2	301.00	Organization	\$ 567	\$ -
3	302.00	Franchises	2,030	-
4	303.00	Miscellaneous Intangibles	-	-
5		<b>Subtotal Intangible</b>	<b>\$ 2,597</b>	<b>\$ -</b>
6				
7		<b>Source of Supply</b>		
8	310.00	Land and Land Rights	\$ 20,414	\$ -
9	311.00	Structures and Improvements	19,992	4,183
10	312.00	Collecting and Impounding Res.	-	-
11	313.00	Lakes, Rivers, Other Intakes	-	-
12	314.00	Wells and Springs	180,979	76,797
13		<b>Subtotal Source of Supply</b>	<b>\$ 221,385</b>	<b>\$ 80,980</b>
14				
15		<b>Pumping</b>		
16	320.00	Land and Land Rights	\$ 50	\$ -
17	321.00	Structures and Improvements	14,608	7,906
18	323.00	Other Power Production	-	-
19	325.00	Electric Pumping Equipment	241,749	102,255
20	326.00	Diesel Pumping Equipment	879	88
21	328.10	Gas Engine Pumping Equipment	42,995	10,466
22		<b>Subtotal Pumping</b>	<b>\$ 300,281</b>	<b>\$ 120,714</b>
23				
24		<b>Water Treatment</b>		
25	330.00	Land and Land Rights	\$ 50	\$ -
26	331.00	Structures and Improvements	-	-
27	332.00	Water Treatment Equipment	505	104
28		<b>Subtotal Water Treatment</b>	<b>\$ 555</b>	<b>\$ 104</b>
29				
30		<b>Transmission and Distribution</b>		
31	340.00	Land and Land Rights	\$ 539	\$ -
32	341.00	Structures and Improvements	156	70
33	342.00	Distribution, Reservoirs, & ST	142,420	28,084
34	343.00	Transmission and Distribution	884,097	236,291
35	344.00	Fire Mains	-	-
36	345.00	Services	272,942	55,162
37	346.00	Meters	87,950	21,151
38	348.00	Hydrants	24,189	1,366
39	349.00	Other Transmission & Distribution	-	-
40		<b>Subtotal Transmission and Distribution</b>	<b>\$ 1,412,294</b>	<b>\$ 342,124</b>
41				
42		<b>General</b>		
43	389.00	Land and Land Rights	\$ 2,755	\$ -
44	390.00	Structures and Improvements	498	78
45	391.00	Office Furniture and Equipment	11,451	2,029
46	391.10	Computer Equipment	9,435	6,583
47	392.00	Transportation Equipment	17,166	13,302
48	393.00	Stores Equipment	3,418	1,044
49	394.00	Tools, Shop and Garage	8,161	1,162
50	395.00	Laboratory Equipment	-	-
51	396.00	Power Operated Equipment	-	-
52	397.00	Communication Equipment	2,462	822
53	398.00	Miscellaneous Equipment	659	134
54		<b>Subtotal General</b>	<b>\$ 56,004</b>	<b>\$ 25,156</b>
55				
56				
57		Plant 3/95	(1,674)	(1,674)
58		AFUDC adjustment 3/95	(1,835)	(413)
59		<b>TOTAL WATER PLANT</b>	<b>\$ 1,989,607</b>	<b>\$ 566,992</b>
60				
61				
62		<b>* AFUDC Accumulated Depreciation</b>		
63		AFUDC Adjustment	\$ 1,835	
64		Years	6.75	
65		Composite Rate	2.42%	
66		Total		300
67		Plus A/D @ 3/95 per Staff		113
68		Total A/D at 12/2001		<b>\$ 413</b>
69				
70		<b>Plant</b>	<b>\$ 1,674</b>	
71		Total Plant Cost @ 12/31/2001	\$ 1,674	
72		Total A/D @ 12/31/2001	\$ 1,674	
73		Ratio	1.000000	
74		A/D @ 12/31/2001	<b>\$ 1,674</b>	
75				
76				
77				

**SUPPORTING SCHEDULES**  
B-2, Page 6a-6c

**Arizona American - Tubac Water**  
Plant Additions and Retirements  
Source: Plant In Service Summary

Exhibit  
Schedule B-2  
Page 6a  
Witness: Bourassa  
**REVISED**

Line No.	Account No.	Description	Staff Plant At 3/31/95	1995 Net Plant Additions	1995 Plant Balance	1996 Net Plant Additions	1996 Plant Balance
3		<b>Intangible</b>					
4	301.00	Organization	567	-	567	-	567
5	302.00	Franchises	2,033	-	2,033	-	2,033
6	303.00	Miscellaneous Intangibles	-	-	-	-	-
7		<b>Subtotal Intangible</b>	<b>2,600</b>	<b>-</b>	<b>2,600</b>	<b>-</b>	<b>2,600</b>
9		<b>Source of Supply</b>					
10	310.00	Land and Land Rights	11,317	-	11,317	9,424	20,741
11	311.00	Structures and Improvements	5,181	-	5,181	-	5,181
12	312.00	Collecting and Impounding Res.	-	-	-	-	-
13	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-
14	314.00	Wells and Springs	121,061	-	121,061	57,856	178,917
15		<b>Subtotal Source of Supply</b>	<b>137,559</b>	<b>-</b>	<b>137,559</b>	<b>67,280</b>	<b>204,839</b>
17		<b>Pumping</b>					
18	320.00	Land and Land Rights	50	-	50	-	50
19	321.00	Structures and Improvements	13,792	-	13,792	-	13,792
20	323.00	Other Power Production	-	-	-	-	-
21	325.00	Electric Pumping Equipment	145,545	12,056	157,601	605	158,206
22	326.00	Diesel Pumping Equipment	-	-	-	-	-
23	328.10	Gas Engine Pumping Equipment	24,004	4,354	28,358	-	28,358
24		<b>Subtotal Pumping</b>	<b>183,391</b>	<b>16,409</b>	<b>199,800</b>	<b>605</b>	<b>200,405</b>
26		<b>Water Treatment</b>					
27	330.00	Land and Land Rights	50	-	50	-	50
28	331.00	Structures and Improvements	-	-	-	-	-
29	332.00	Water Treatment Equipment	-	-	-	-	-
30		<b>Subtotal Water Treatment</b>	<b>50</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>50</b>
32		<b>Transmission and Distribution</b>					
33	340.00	Land and Land Rights	539	-	539	-	539
34	341.00	Structures and Improvements	156	-	156	-	156
35	342.00	Distribution, Reservoirs, & ST	143,216	235	143,451	-	143,451
36	343.00	Transmission and Distribution	583,090	75,535	658,625	41,623	700,249
37	344.00	Fire Mains	-	-	-	-	-
38	345.00	Services	119,954	30,184	150,138	18,379	168,517
39	346.00	Meters	78,739	1,323	80,062	1,850	81,913
40	348.00	Hydrants	14,639	396	15,035	2,625	17,660
41	349.00	Other Transmission & Distribution	-	-	-	-	-
42		<b>Subtotal Transmission and Distribution</b>	<b>940,333</b>	<b>107,674</b>	<b>1,048,007</b>	<b>64,478</b>	<b>1,112,485</b>
44		<b>General</b>					
45	389.00	Land and Land Rights	2,755	-	2,755	-	2,755
46	390.00	Structures and Improvements	-	-	-	498	498
47	391.00	Office Furniture and Equipment	1,616	1,543	3,159	6,151	9,310
48	391.10	Computer Equipment	-	-	-	-	-
49	392.00	Transportation Equipment	21,462	-	21,462	-	21,462
50	393.00	Stores Equipment	3,431	0	3,431	-	3,431
51	394.00	Tools, Shop and Garage	7,378	-	7,378	265	7,643
52	395.00	Laboratory Equipment	-	-	-	-	-
53	396.00	Power Operated Equipment	-	-	-	-	-
54	397.00	Communication Equipment	1,426	450	1,876	400	2,276
55	398.00	Miscellaneous Equipment	-	-	-	-	-
56		<b>Subtotal General</b>	<b>38,068</b>	<b>1,993</b>	<b>40,061</b>	<b>7,314</b>	<b>47,375</b>
59		Plant 3/95	(1,674)		(1,674)		(1,674)
60		ADFUC adjustment 3/95	(1,835)		(1,835)		(1,835)
61		<b>TOTAL WATER PLANT</b>	<b>1,298,492</b>	<b>126,076</b>	<b>1,424,568</b>	<b>139,676</b>	<b>1,564,244</b>

**Arizona American - Tubac Water**  
Plant Additions and Retirements  
Source: Plant In Service Summary

Exhibit  
Schedule B-2  
Page 6b  
Witness: Bourassa  
**REVISED**

Line No.	Account No.	Description	1997 Net Plant Additions	1997 Plant Balance	1998 Net Plant Additions	1998 Plant Balance	1999 Net Plant Additions	1999 Plant Balance
1		<b>Intangible</b>						
4	301.00	Organization	-	567	-	567	-	567
5	302.00	Franchises	(8)	2,025	5	2,030	-	2,030
6	303.00	Miscellaneous Intangibles	-	-	-	-	-	-
7		<b>Subtotal Intangible</b>	<b>(8)</b>	<b>2,592</b>	<b>5</b>	<b>2,597</b>	<b>-</b>	<b>2,597</b>
9		<b>Source of Supply</b>						
10	310.00	Land and Land Rights	-	20,741	(327)	20,414	-	20,414
11	311.00	Structures and Improvements	14,886	20,067	(75)	19,992	-	19,992
12	312.00	Collecting and Impounding Res.	-	-	-	-	-	-
13	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-
14	314.00	Wells and Springs	3,175	182,092	(537)	181,555	-	181,555
15		<b>Subtotal Source of Supply</b>	<b>18,061</b>	<b>222,899</b>	<b>(939)</b>	<b>221,960</b>	<b>-</b>	<b>221,960</b>
17		<b>Pumping</b>						
18	320.00	Land and Land Rights	-	50	-	50	-	50
19	321.00	Structures and Improvements	816	14,608	-	14,608	-	14,608
20	323.00	Other Power Production	-	-	-	-	-	-
21	325.00	Electric Pumping Equipment	66,733	224,939	17,156	242,095	2,546	244,642
22	326.00	Diesel Pumping Equipment	-	-	-	-	879	879
23	328.10	Gas Engine Pumping Equipment	5,432	33,790	9,205	42,995	-	42,995
24		<b>Subtotal Pumping</b>	<b>72,982</b>	<b>273,387</b>	<b>26,361</b>	<b>299,748</b>	<b>3,425</b>	<b>303,174</b>
26		<b>Water Treatment</b>						
27	330.00	Land and Land Rights	-	50	-	50	-	50
28	331.00	Structures and Improvements	-	-	-	-	-	-
29	332.00	Water Treatment Equipment	505	505	-	505	-	505
30		<b>Subtotal Water Treatment</b>	<b>505</b>	<b>555</b>	<b>-</b>	<b>555</b>	<b>-</b>	<b>555</b>
32		<b>Transmission and Distribution</b>						
33	340.00	Land and Land Rights	-	539	-	539	-	539
34	341.00	Structures and Improvements	-	156	-	156	-	156
35	342.00	Distribution, Reservoirs, & ST	(1,382)	142,069	(20,502)	121,567	-	121,567
36	343.00	Transmission and Distribution	143,869	844,118	52,701	896,819	1,356	898,175
37	344.00	Fire Mains	-	-	-	-	-	-
38	345.00	Services	19,281	187,798	15,661	203,459	5,780	209,239
39	346.00	Meters	3,816	85,728	1,629	87,357	-	87,357
40	348.00	Hydrants	(463)	17,197	6,992	24,189	-	24,189
41	349.00	Other Transmission & Distribution	-	-	-	-	-	-
42		<b>Subtotal Transmission and Distribution</b>	<b>165,121</b>	<b>1,277,606</b>	<b>56,480</b>	<b>1,334,086</b>	<b>7,136</b>	<b>1,341,222</b>
44		<b>General</b>						
45	389.00	Land and Land Rights	-	2,755	-	2,755	-	2,755
46	390.00	Structures and Improvements	-	498	-	498	-	498
47	391.00	Office Furniture and Equipment	(641)	8,669	2,783	11,451	-	11,451
48	391.10	Computer Equipment	4,484	4,484	3,655	8,139	2,770	10,909
49	392.00	Transportation Equipment	28,518	47,980	17,044	65,024	-	65,024
50	393.00	Stores Equipment	(34)	3,397	21	3,418	-	3,418
51	394.00	Tools, Shop and Garage	433	8,076	1,119	9,195	-	9,195
52	395.00	Laboratory Equipment	-	-	-	-	-	-
53	396.00	Power Operated Equipment	-	-	-	-	-	-
54	397.00	Communication Equipment	175	2,451	10	2,461	-	2,461
55	398.00	Miscellaneous Equipment	659	659	-	659	-	659
56		<b>Subtotal General</b>	<b>31,594</b>	<b>78,968</b>	<b>24,632</b>	<b>103,600</b>	<b>2,770</b>	<b>106,369</b>
59		Plant 3/95	-	(1,674)	-	(1,674)	-	(1,674)
60		ADFUC adjustment 3/95	-	(1,835)	-	(1,835)	-	(1,835)
61		<b>TOTAL WATER PLANT</b>	<b>288,254</b>	<b>1,852,498</b>	<b>106,539</b>	<b>1,959,038</b>	<b>13,330</b>	<b>1,972,368</b>

**Arizona American - Tubac Water**  
Plant Additions and Retirements  
Source: Plant In Service Summary

Exhibit  
Schedule B-2  
Page 6c  
Witness: Bourassa  
**REVISED**

Line No.	Account	2000 Net Plant Additions	2000 Plant Balance	2001 Net Plant Additions	2001 Plant Balance
1	<b>Intangible</b>				
2	<b>No. Description</b>				
3					
4	301.00 Organization	-	567	-	567
5	302.00 Franchises	-	2,030	-	2,030
6	303.00 Miscellaneous Intangibles	-	-	-	-
7	<b>Subtotal Intangible</b>	-	2,597	-	2,597
8					
9	<b>Source of Supply</b>				
10	310.00 Land and Land Rights	-	20,414	-	20,414
11	311.00 Structures and Improvements	-	19,992	-	19,992
12	312.00 Collecting and Impounding Res.	-	-	-	-
13	313.00 Lakes, Rivers, Other Intakes	-	-	-	-
14	314.00 Wells and Springs	(576)	180,979	(0)	180,979
15	<b>Subtotal Source of Supply</b>	(576)	221,385	(0)	221,385
16					
17	<b>Pumping</b>				
18	320.00 Land and Land Rights	-	50	-	50
19	321.00 Structures and Improvements	-	14,608	-	14,608
20	323.00 Other Power Production	-	-	-	-
21	325.00 Electric Pumping Equipment	(3,516)	241,125	624	241,749
22	326.00 Diesel Pumping Equipment	-	879	-	879
23	328.10 Gas Engine Pumping Equipment	-	42,995	-	42,995
24	<b>Subtotal Pumping</b>	(3,516)	299,657	624	300,281
25					
26	<b>Water Treatment</b>				
27	330.00 Land and Land Rights	-	50	-	50
28	331.00 Structures and Improvements	-	-	-	-
29	332.00 Water Treatment Equipment	-	505	-	505
30	<b>Subtotal Water Treatment</b>	-	555	-	555
31					
32	<b>Transmission and Distribution</b>				
33	340.00 Land and Land Rights	-	539	-	539
34	341.00 Structures and Improvements	-	156	-	156
35	342.00 Distribution, Reservoirs, & ST	-	121,567	20,853	142,420
36	343.00 Transmission and Distribution	4,862	903,036	(18,939)	884,097
37	344.00 Fire Mains	-	-	-	-
38	345.00 Services	3,110	212,349	60,593	272,942
39	346.00 Meters	(1,432)	85,925	2,025	87,950
40	348.00 Hydrants	-	24,189	-	24,189
41	349.00 Other Transmission & Distribution	-	-	-	-
42	<b>Subtotal Transmission and Distribution</b>	6,540	1,347,762	64,532	1,412,294
43					
44	<b>General</b>				
45	389.00 Land and Land Rights	-	2,755	-	2,755
46	390.00 Structures and Improvements	-	498	-	498
47	391.00 Office Furniture and Equipment	-	11,451	-	11,451
48	391.10 Computer Equipment	(1,474)	9,435	-	9,435
49	392.00 Transportation Equipment	(47,858)	17,166	-	17,166
50	393.00 Stores Equipment	-	3,418	-	3,418
51	394.00 Tools, Shop and Garage	(1,034)	8,161	-	8,161
52	395.00 Laboratory Equipment	-	-	-	-
53	396.00 Power Operated Equipment	-	-	-	-
54	397.00 Communication Equipment	-	2,461	1	2,462
55	398.00 Miscellaneous Equipment	-	659	-	659
56	<b>Subtotal General</b>	(50,366)	56,003	1	56,004
57					
58					
59	Plant 3/95		(1,674)		(1,674)
60	ADFUC adjustment 3/95		(1,835)		(1,835)
61	<b>TOTAL WATER PLANT</b>	(47,919)	1,924,449	65,157	1,989,607

**Arizona American - Tubac Water**  
Plant Additions and Retirements  
Source: Asset Transactions, AWW UPIS Report, Asset Balance Report  
2001 Reconciliation to AWW UPIS Report at Closing  
PROFORMA ADJUSTMENTS

Exhibit  
Schedule B-2  
Page 8  
Witness: Bourassa  
**REVISED**

Line No.	Account	Balance Per AWW UPIS at Closing	Adjusted Balance Per ACC Report	Additional Plant at Closing	AWW UPIS Accumulated Depreciation	Adjusted ACC Report Accumulated Depreciation	Accumulated Depreciation
1							
2							
3	<b>Intangible</b>						
4							
5	301.00 Organization	567	567	-	-	-	-
6	302.00 Franchises	2,030	2,030	-	-	-	-
7	303.00 Miscellaneous Intangibles	-	-	-	-	-	-
8	<b>Subtotal Intangible</b>	<b>2,597</b>	<b>2,597</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
9							
10	<b>Source of Supply</b>						
11	310.00 Land and Land Rights	20,414	20,414	-	-	-	-
12	311.00 Structures and Improvements	19,992	19,992	-	4,423	4,183	240
13	312.00 Collecting and Impounding Res.	-	-	-	-	-	-
14	313.00 Lakes, Rivers, Other Intakes	-	-	-	-	-	-
15	314.00 Wells and Springs	180,979	180,979	-	79,583	76,797	2,786
16	<b>Subtotal Source of Supply</b>	<b>221,385</b>	<b>221,385</b>	<b>-</b>	<b>84,006</b>	<b>80,980</b>	<b>3,026</b>
17							
18	<b>Pumping</b>						
19	320.00 Land and Land Rights	50	50	-	-	-	-
20	321.00 Structures and Improvements	14,608	14,608	-	8,048	7,906	142
21	323.00 Other Power Production	-	-	-	-	-	-
22	325.00 Electric Pumping Equipment	241,749	241,749	-	107,377	102,255	5,123
23	326.00 Diesel Pumping Equipment	879	879	-	88	88	-
24	328.10 Gas Engine Pumping Equipment	42,995	42,995	-	11,377	10,466	911
25	<b>Subtotal Pumping</b>	<b>300,281</b>	<b>300,281</b>	<b>-</b>	<b>126,890</b>	<b>120,714</b>	<b>6,175</b>
26							
27	<b>Water Treatment</b>						
28	330.00 Land and Land Rights	50	50	-	-	-	-
29	331.00 Structures and Improvements	-	-	-	-	-	-
30	332.00 Water Treatment Equipment	505	505	-	114	104	10
31	<b>Subtotal Water Treatment</b>	<b>555</b>	<b>555</b>	<b>-</b>	<b>114</b>	<b>104</b>	<b>10</b>
32							
33	<b>Transmission and Distribution</b>						
34	340.00 Land and Land Rights	539	539	-	-	-	-
35	341.00 Structures and Improvements	156	156	-	71	70	1
36	342.00 Distribution, Reservoirs, & ST	142,420	142,420	-	29,237	28,084	1,153
37	343.00 Transmission and Distribution	884,097	884,097	-	244,995	236,291	8,704
38	344.00 Fire Mains	-	-	-	-	-	-
39	345.00 Services	272,942	272,942	-	58,504	55,162	3,342
40	346.00 Meters	87,950	87,950	-	22,214	21,151	1,063
41	348.00 Hydrants	24,189	24,189	-	1,604	1,366	238
42	349.00 Other Transmission & Distribution	-	-	-	-	-	-
43	<b>Subtotal Transmission and Distribution</b>	<b>1,412,294</b>	<b>1,412,294</b>	<b>-</b>	<b>356,626</b>	<b>342,124</b>	<b>14,502</b>
44							
45	<b>General</b>						
46	389.00 Land and Land Rights	2,755	2,755	-	-	-	-
47	390.00 Structures and Improvements	498	498	-	85	78	7
48	391.00 Office Furniture and Equipment	11,451	11,451	-	2,216	2,029	188
49	391.10 Computer Equipment	9,435	9,435	-	7,526	6,583	943
50	392.00 Transportation Equipment	17,166	17,166	-	15,447	13,302	2,145
51	393.00 Stores Equipment	3,418	3,418	-	1,112	1,044	68
52	394.00 Tools, Shop and Garage	8,161	8,161	-	1,302	1,162	139
53	395.00 Laboratory Equipment	-	-	-	-	-	-
54	396.00 Power Operated Equipment	-	-	-	-	-	-
55	397.00 Communication Equipment	2,461	2,462	(1)	885	822	62
56	398.00 Miscellaneous Equipment	659	659	-	151	134	16
57	<b>Subtotal General</b>	<b>56,003</b>	<b>56,004</b>	<b>(1)</b>	<b>28,725</b>	<b>25,156</b>	<b>3,569</b>
58							
59							
60							
61							
62	<b>TOTAL WATER PLANT*</b>	<b>1,993,115</b>	<b>1,993,116</b>	<b>(1)</b>	<b>596,360</b>	<b>569,078</b>	<b>27,282</b>
63							
64	<b>*Reconciliation</b>				<b>Plant</b>	<b>A/D</b>	
65	Balance Per E-1 at 12/21/2001				\$ 1,993,115	\$ 569,078	
66	Balance per schedule				1,993,116	569,078	
67	Difference				\$ (1)	\$ (0)	
68	314.00 Decision 60172 Wells and Springs						
69	320.00 Decision 60172 Land						
70	Reconciled difference				\$ (1)	\$ (0)	
71							

**Arizona American - Tubac Water**  
Test Year Ended December 31, 2001  
RCND Rate Base Proforma Adjustments

Exhibit  
Schedule B-3  
Page 1  
Witness: Bourassa  
**REVISED**

Line No.		Actual at End of Test Year	Proforma Adjustments Label	Amount	Adjusted at end of Test Year
1	Gross Utility				
2	Plant in Service	\$ 3,458,672	(1)	(1)	\$ 3,429,947
3			(2)	44,500	
4	<b>Less:</b>		(6)	-	
5			(7)	2,762	
6	Accumulated		(8)	(75,986)	
7	Depreciation	962,280	(3)	27,282	978,646
8			(8)	(10,916)	
9	Net Utility Plant				
10	in Service	\$ 2,496,392			\$ 2,451,301
11					
12	<b>Less:</b>				
13	Advances in Aid of				
14	Construction (Ratemaking Purposes Only)	\$ 312,263	(4a)	(101)	\$ 296,553
15			(5a)	(15,608)	
16	Contributions in Aid of				
17	Construction - Net (Ratemaking	235,339	(4b)	(436)	250,511
18	Purposes Only)		(5b)	15,608	
19	Customer Meter Deposits	590			590
20	Deferred Income Taxes	-			-
21	Investment Tax Credits	-			-
22	<b>Plus:</b>				
23	Unamortized Finance				
24	Charges	-			-
25	Deferred Tax Assets	-			-
26	Working capital	-			-
27					
28	Total	<u>\$ 1,948,201</u>			<u>\$ 1,903,647</u>
29					
30					
31					
32	(1) Additional Plant at Closing				
33	(2) Plant to be completed by 12/31/2002.				
34	(3) Additional Accumulated Depreciation at Closing				
35	(4) Increase (decrease) AIAC (4a) and CIAC (4b) to amount at Closing (Trended)				
36	(5) Adjust AIAC (5a) and CIAC (5b) for Ratemaking Purposes				
37	(6) Intentionally Left Blank				
38	(7) Orcom Costs				
39	(8) Well not in service				
40	<u>SUPPORTING SCHEDULES:</u>				<u>RECAP SCHEDULES:</u>
41	B-4				B-1
42					



**Arizona American - Tubac Water**  
**RCND Plant Summary with Common Plant Allocation**  
**at December 31, 2001**

Exhibit  
Schedule B-4  
Page 1  
Witness: Bourassa  
**REVISED**

Line No.	Account No.	Description	Trended Reproduction Cost New	Accumulated Depreciation
1		<b>Intangible</b>		
2	301.00	Organization	\$ 1,688	\$ -
3	302.00	Franchises	4,842	-
4	303.00	Miscellaneous Intangibles	-	-
5		<b>Subtotal Intangible</b>	<b>\$ 6,529</b>	<b>\$ -</b>
6				
7		<b>Source of Supply</b>		
8	310.00	Land and Land Rights	\$ 29,470	\$ -
9	311.00	Structures and Improvements	29,900	6,257
10	312.00	Collecting and Impounding Res.	-	-
11	313.00	Lales, Rivers, Other Intakes	-	-
12	314.00	Wells and Springs	289,950	123,038
13		<b>Subtotal Source of Supply</b>	<b>\$ 349,320</b>	<b>\$ 129,295</b>
14				
15		<b>Pumping</b>		
16	320.00	Land and Land Rights	\$ 150	\$ -
17	321.00	Structures and Improvements	59,034	31,950
18	323.00	Other Power Production	-	-
19	325.00	Electric Pumping Equipment	353,602	149,566
20	326.00	Diesel Pumping Equipment	970	97
21	328.10	Gas Engine Pumping Equipment	52,349	12,743
22		<b>Subtotal Pumping</b>	<b>\$ 466,106</b>	<b>\$ 194,356</b>
23				
24		<b>Water Treatment</b>		
25	330.00	Land and Land Rights	\$ 150	\$ -
26	331.00	Structures and Improvements	-	-
27	332.00	Water Treatment Equipment	579	119
28		<b>Subtotal Water Treatment</b>	<b>\$ 729</b>	<b>\$ 119</b>
29				
30		<b>Transmission and Distribution</b>		
31	340.00	Land and Land Rights	\$ 1,348	\$ -
32	341.00	Structures and Improvements	793	355
33	342.00	Distribution, Reservoirs, & ST	222,668	43,907
34	343.00	Transmission and Distribution	1,764,096	471,488
35	344.00	Fire Mains	-	-
36	345.00	Services	433,766	87,666
37	346.00	Meters	129,451	31,132
38	348.00	Hydrants	36,009	2,033
39	349.00	Other Transmission & Distribution	-	-
40		<b>Subtotal Transmission and Distribution</b>	<b>\$ 2,588,131</b>	<b>\$ 636,580</b>
41				
42		<b>ALLOCATED COMMON PLANT</b>	<b>\$ 60,378</b>	<b>\$ 12,737</b>
43				
44				
45		Plant 3/95	(10,308)	(10,308)
46		ADFUC adjustment 3/95	(2,213)	(498)
47		<b>TOTAL WATER PLANT</b>	<b>\$ 3,458,672</b>	<b>\$ 962,280</b>

**SUPPORTING SCHEDULES**

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54  
55  
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Arizona American - Tubac Water  
RCND Plant Summary  
at December 31, 2001

Exhibit  
Schedule B-4  
Page 3  
Witness: Bourassa  
REVISED

Line No.	Account No.	Description	Trended Reproduction Cost New	Accumulated Depreciation
1		<b>Intangible</b>		
2	301.00	Organization	\$ 1,688	\$ -
3	302.00	Franchises	4,842	-
4	303.00	Miscellaneous intangibles	-	-
5		<b>Subtotal Intangible</b>	<b>\$ 6,529</b>	<b>\$ -</b>
6				
7		<b>Source of Supply</b>		
8	310.00	Land and Land Rights	\$ 29,470	\$ -
9	311.00	Structures and Improvements	29,900	6,257
10	312.00	Collecting and Impounding Res.	-	-
11	313.00	Lakes, Rivers, Other Intakes	-	-
12	314.00	Wells and Springs	289,950	123,038
13		<b>Subtotal Source of Supply</b>	<b>\$ 349,320</b>	<b>\$ 129,295</b>
14				
15		<b>Pumping</b>		
16	320.00	Land and Land Rights	\$ 150	\$ -
17	321.00	Structures and Improvements	59,034	31,950
18	323.00	Other Power Production	-	-
19	325.00	Electric Pumping Equipment	353,802	149,566
20	326.00	Diesel Pumping Equipment	970	97
21	328.10	Gas Engine Pumping Equipment	52,349	12,743
22		<b>Subtotal Pumping</b>	<b>\$ 466,106</b>	<b>\$ 194,356</b>
23				
24		<b>Water Treatment</b>		
25	330.00	Land and Land Rights	\$ 150	\$ -
26	331.00	Structures and Improvements	-	-
27	332.00	Water Treatment Equipment	579	119
28		<b>Subtotal Water Treatment</b>	<b>\$ 729</b>	<b>\$ 119</b>
29				
30		<b>Transmission and Distribution</b>		
31	340.00	Land and Land Rights	\$ 1,348	\$ -
32	341.00	Structures and Improvements	793	355
33	342.00	Distribution, Reservoirs, & ST	222,668	43,907
34	343.00	Transmission and Distribution	1,764,096	471,488
35	344.00	Fire Mains	-	-
36	345.00	Services	433,766	87,666
37	346.00	Meters	129,451	31,132
38	348.00	Hydrants	36,009	2,033
39	349.00	Other Transmission & Distribution	-	-
40		<b>Subtotal Transmission and Distribution</b>	<b>\$ 2,588,131</b>	<b>\$ 636,580</b>
41				
42		<b>General</b>		
43	389.00	Land and Land Rights	\$ 3,748	\$ -
44	390.00	Structures and Improvements	594	93
45	391.00	Office Furniture and Equipment	13,226	2,343
46	391.10	Computer Equipment	10,852	7,572
47	392.00	Transportation Equipment	19,318	14,970
48	393.00	Stores Equipment	4,300	1,314
49	394.00	Tools, Shop and Garage	10,195	1,452
50	395.00	Laboratory Equipment	-	-
51	396.00	Power Operated Equipment	-	-
52	397.00	Communication Equipment	3,011	1,006
53	398.00	Miscellaneous Equipment	756	154
54		<b>Subtotal General</b>	<b>\$ 66,000</b>	<b>\$ 28,904</b>
55				
56				
57	Plant 3/95		(10,308)	(10,308)
58	ADFUC adjustment 3/95 *		(2,213)	(498)
59	<b>TOTAL WATER PLANT</b>		<b>\$ 3,464,294</b>	<b>\$ 976,448</b>
60				
61				
62		<b>* AFUDC Accumulated Depreciation</b>		
63		AFUDC Adjustment	\$ 1,835	
64		Years	6.75	
65		Composite Rate	2.42%	
66		Total		300
67		Plus A/D @ 3/95 per Staff		113
68		Total A/D at 12/2001		\$ 413
69		Trended Cost (Trend Factor from 1995)	1.2061	\$ 498
70		<b>* AFUDC Plant</b>		
71		Trended Cost (Trend Factor from 1995)	1.2061	\$ 2,213
72		<b>* Plant</b>		
73		Total Original Cost @ 12/31/2001	\$ 1,674	
74		Total Trended Cost @ 12/31/2001	\$ 10,308	
75		Ratio	6.15760	
76		Trended Plant Adjustment @ 12/31/2001	\$ 10,308	
77		Trended A/D @ 12/31/2001	\$ 10,308	
78				
79				
80				
81		<b>SUPPORTING SCHEDULES</b>		
82		B-4, Page 4+		
83				
84				
85				

Arizona American - Tubac Water  
Test Year Ended December 31, 2001  
Detail of Plant in Service

Exhibit  
Schedule E-5  
Page 1  
Witness: Bourassa  
**REVISED**

Line No.	Acct. No.	Plant Description	Plant Balance at 12/31/00	Plant Additions, Reclassifications or Retirements	Plant Balance at 12/31/01
1		<b>Intangible</b>			
2	301.00	Organization	\$ 567	\$ -	\$ 567
3	302.00	Franchises	2,030	-	2,030
4	303.00	Miscellaneous Intangibles	-	-	-
5		<b>Subtotal Intangible</b>	<b>\$ 2,597</b>	<b>\$ -</b>	<b>\$ 2,597</b>
6					
7		<b>Source of Supply</b>			
8	310.00	Land and Land Rights	\$ 20,414	\$ -	\$ 20,414
9	311.00	Structures and Improvements	19,992	-	19,992
10	312.00	Collecting and Impounding Res.	-	-	-
11	313.00	Lakes, Rivers, Other Intakes	-	-	-
12	314.00	Wells and Springs	180,979	(0)	180,979
13		<b>Subtotal Source of Supply</b>	<b>\$ 221,385</b>	<b>\$ (0)</b>	<b>\$ 221,385</b>
14					
15		<b>Pumping</b>			
16	320.00	Land and Land Rights	\$ 50	\$ -	\$ 50
17	321.00	Structures and Improvements	14,608	-	14,608
18	323.00	Other Power Production	-	-	-
19	325.00	Electric Pumping Equipment	241,125	624	241,749
20	326.00	Diesel Pumping Equipment	879	-	879
21	328.10	Gas Engine Pumping Equipment	42,995	-	42,995
22		<b>Subtotal Pumping</b>	<b>\$ 299,657</b>	<b>\$ 624</b>	<b>\$ 300,281</b>
23					
24		<b>Water Treatment</b>			
25	330.00	Land and Land Rights	\$ 50	\$ -	\$ 50
26	331.00	Structures and Improvements	-	-	-
27	332.00	Water Treatment Equipment	505	-	505
28		<b>Subtotal Water Treatment</b>	<b>\$ 555</b>	<b>\$ -</b>	<b>\$ 555</b>
29					
30		<b>Transmission and Distribution</b>			
31	340.00	Land and Land Rights	\$ 539	\$ -	\$ 539
32	341.00	Structures and Improvements	156	-	156
33	342.00	Distribution, Reservoirs, & ST	121,636	20,784	142,420
34	343.00	Transmission and Distribution	903,036	(18,939)	884,097
35	344.00	Fire Mains	-	-	-
36	345.00	Services	212,280	60,662	272,942
37	346.00	Meters	86,527	1,423	87,950
38	348.00	Hydrants	24,189	-	24,189
39	349.00	Other Transmission & Distribution	-	-	-
40		<b>Subtotal Transmission and Distribution</b>	<b>\$ 1,348,364</b>	<b>\$ 63,930</b>	<b>\$ 1,412,294</b>
41					
42		<b>General</b>			
43	389.00	Land and Land Rights	\$ 2,755	\$ -	\$ 2,755
44	390.00	Structures and Improvements	498	-	498
45	391.00	Office Furniture and Equipment	11,451	-	11,451
46	391.10	Computer Equipment	9,435	-	9,435
47	392.00	Transportation Equipment	17,166	-	17,166
48	393.00	Stores Equipment	3,418	-	3,418
49	394.00	Tools, Shop and Garage	8,161	-	8,161
50	395.00	Laboratory Equipment	-	-	-
51	396.00	Power Operated Equipment	-	-	-
52	397.00	Communication Equipment	2,461	1	2,461
53	398.00	Miscellaneous Equipment	659	-	659
54		<b>Subtotal General</b>	<b>\$ 56,003</b>	<b>\$ 1</b>	<b>\$ 56,003</b>
55					
56					
57					
58					
59		<b>TOTAL WATER PLANT</b>	<b>\$ 1,928,561</b>	<b>\$ 64,555</b>	<b>\$ 1,993,115</b>

SUPPORTING SCHEDULES

RECAP SCHEDULES:

A-4  
E-1